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From 1951 through 1955, the USSR claimed increases in industrial production averaging 13.1 percent per year. The increase for 1956 was only 11 percent and for 1957 about 10 percent. The planned increase for 1958 is 7.6 percent. These decreases in the rate of industrial growth have coincided with production shortfalls in raw materials and energy. In 1956, goals were not met for coal, pig iron, steel and cement and in 1957 for pig iron, steel, electric power and cement. Moreover, except for crude oil, annual increases in the output of raw materials and energy were considerably less than the average required to meet 1960 goals.

In September 1957, the USSR announced that the Sixth Five-Year Plan would be replaced by a plan covering 1959 through 1965, allegedly to exploit "possibilities . . . for creating new enterprises and new industrial centers". Almost certainly, however, the real reason was that the Sixth Five-Year Plan goals could not be met.

As the figures above suggest, failures in raw materials and energy were among the principal reasons for abandoning the 1960 goals. These failures can in turn be traced to an unwillingness or inability to grant these industries the resources necessary to meet their goals, particularly resources of fixed capital. It is instructive to recall that during the 20th Party Congress in February, 1956, both the Ministers of Ferrous Metallurgy and the Coal Industry protested, to no avail, that they had not been allowed the capital investment necessary to achieve their 1960 goals.

In the short run, at least, the raw materials and energy sectors will continue to act as a brake on the rapid expansion of industrial output. It is tempting to conclude that this will be the case more or less indefinitely, and in the stationary state of the classical economists, one might do so with considerable confidence. To do so for a modern industrial society, however, is to bet against developments in technology, and it requires no expert to conclude that this is among the riskiest of wagers.

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